

ATTACHMENT 1

1. A Response to Question 9

The application qualifies for streamlined processing because the Applicant qualifies for a presumption of non-dominance under §63.10(a)(3).

The Applicant is a new U.S. company organized to provide international telecommunications services and serves business customers throughout the United States. The Applicant has an affiliation with China Netcom (Hong Kong) Operations Limited, a company incorporated in Hong Kong ("CNC HK") which directly owns 100% of the shares of the Applicant. CNC HK has been granted a license to operate external fixed telecommunication network service ("FTNS license") in Hong Kong. As such, CNC HK is not allowed to provide internal telecommunication services in Hong Kong. In terms of International Private Leased Circuit ("IPLC") capacity of external telecom facilities in Hong Kong, as of March 2002, CNC HK's equipped capacity was 62.5 Gbps, accounting for 23.21% of the total equipped capacity of 269.27 Gbps in Hong Kong. Its activated capacity was 1048 Mbps, accounting for a mere 1.63% of the total activated capacity of 64,587 Mbps in Hong Kong.

In terms of voice traffic as of December 31, 2001, CNC HK's outbound voice traffic was approximately 220 million minutes out of the total outgoing voice traffic of 3,124 million minutes in Hong Kong, accounting for about 7% only.

As is shown from the above, CNC HK lacks sufficient market power on the Hong Kong end of the route to affect competition adversely in the US market. The Applicant hereby seeks to be presumptively classified as non-dominant on the US-Hong Kong route.

The Applicant also has an affiliation with China Netcom Corporation Limited ("CNC BJ"), a 100% Hong Kong invested telecom carrier in China which indirectly owns a 100% of the shares of the Applicant. The telecom service market in China is dominated by China Telecommunications Corporation. CNC BJ, which has only IP broadband access license and leased circuit license for local access in China and does not have a license to provide local telephone services, is a facilities-based broadband telecommunications operator in China which provides a full spectrum of services and solutions to meet the broadband telecommunications needs of businesses and individuals. By the end of 2001, CNC BJ's international outbound voice traffic from China was approximately 200 million minutes, accounting for about 5.26% of the total 3,800 million minutes international outbound voice traffic from China. Of the total 422 million minutes attributable to US-bound international voice traffic from China, CNC BJ's share is only approximately 18 million minutes or roughly 4.27%. By the end of 2001, CNC BJ's international inbound voice traffic to China was approximately 215 million minutes, accounting for about 4.78% of the total 4,500 million minutes international inbound voice traffic to China. Of the approximately 867 million minutes attributable to inbound international voice traffic from the US to China, CNC BJ's share was only approximately 8 million minutes or merely 0.92%. Of the approximately US\$80 million/year value China-US IPLC market as of Dec. 31, 2001, CNC BJ captured approximately 3% market share or roughly US\$9 million. With respect to the local access by means of IP broadband and leased line arrangement, CNC BJ's market share was only US\$550 million, or 1% of the broadband access market value in China. As such, the Applicant is also non-dominant on the US-China route and has no potential to discriminate against unaffiliated U.S. international carriers through such means as preferential operating agreements, preferential routing of traffic, exclusive of more favorable transiting agreements, or preferential domestic access and interconnection agreements.

In addition, both China and Hong Kong, the two affiliated destination markets, are WTO members.

2. A Response to Question 11-Section 63.18 (i) through (m) Information

(i) The Applicant certifies that it is not affiliated with any U.S. facilities-based carrier

and that it is affiliated with the following foreign facilities-based carriers:

- China Netcom (Hong Kong) Operations Limited, a company incorporated in Hong Kong (CNC HK), a WTO member, which directly owns 100% of the shares of Netcom USA. Netcom HK has been granted a FTNS license (licence to operate external fixed telecommunication network services) to provide limited telecom services in Hong Kong. CNC HK has no potential to discriminate against unaffiliated U.S. international carriers through such means as preferential operating agreements, preferential routing of traffic, exclusive of more favorable transiting agreements, or preferential domestic access and interconnection agreements. For more details regarding CHC HK, please refer to **A Response to Question 9** in Item 1 above; and
 - China Netcom Corporation Limited (“CNC BJ”), a 100% Hong Kong invested telecommunications carrier in China, a WTO member country, which indirectly owns a 100% of the shares of the Applicant. The telecom service market in China is dominated by China Telecommunications Corporation. CNC BJ is a facilities-based broadband telecommunications operator in China which provides a full spectrum of services and solutions to meet the broadband telecommunications needs of businesses and individuals. CNC BJ has no potential to discriminate against unaffiliated U.S. international carriers through such means as preferential operating agreements, preferential routing of traffic, exclusive of more favorable transiting agreements, or preferential domestic access and interconnection agreements. For more details regarding CNC BJ, please refer to **A Response to Question 9** in Item 1 above.
- (j) The Applicant certifies that it seeks authority to provide international telecommunications services to China, where China Netcom Corporation Limited operates which indirectly owns 100% of the Applicant, and Hong Kong, where China Netcom (Hong Kong) Operations Limited operates which directly owns 100% of the Applicant.
- (k) China is a member of the World Trade Organization;
Hong Kong is a member of the World Trade Organization.
- (l) China Netcom (Hong Kong) Operations Limited, a company incorporated in Hong Kong (“CNC HK”), with which the Applicant is affiliated, has been granted a license to operate external fixed telecommunication network service (“FTNS license”) in Hong Kong. As such, CNC HK is not allowed to provide internal telecommunication services in Hong Kong. In terms of International Private Leased Circuit (“IPLC”) capacity of external telecom facilities in Hong Kong, as of March 2002, CNC HK’s equipped capacity was 62.5 Gbps, accounting for 23.21% of the total equipped capacity of 269.27 Gbps in Hong Kong. Its activated capacity was 1048 Mbps, accounting for a mere 1.63% of the total activated capacity of 64,587 Mbps in Hong Kong. In terms of voice traffic as of December 31, 2001, CNC HK’s outbound voice traffic was approximately 220 million minutes out of the total outgoing voice traffic of 3,124 million minutes in Hong Kong, accounting for about 7% only.

The Applicant also has an affiliation with China Netcom Corporation Limited (“CNC BJ”). CNC BJ, which has only IP broadband access license and leased circuit license for local access in China and does not have a license to provide local telephone services, is a facilities-based broadband telecommunications operator in China. By the end of 2001, CNC BJ’s international outbound voice traffic from China was approximately 200 million minutes, accounting for about 5.26% of the total 3,800 million minutes international outbound voice traffic from China. Of the total 422 million minutes attributable to US-bound international voice traffic from China, CNC BJ’s share is only approximately 18 million minutes or roughly 4.27%. By the end of 2001, CNC BJ’s international inbound voice traffic to China

was approximately 215 million minutes, accounting for about 4.78% of the total 4,500 million minutes international inbound voice traffic to China. Of the approximately 867 million minutes attributable to inbound international voice traffic from the US to China, CNC BJ's share was only approximately 8 million minutes or merely 0.92%. Of the approximately US\$80 million/year value China-US IPLC market as of Dec. 31, 2001, CNC BJ captured approximately 3% market share or roughly US\$9 million. With respect to the local access by means of IP broadband and leased line arrangement, CNC BJ's market share was only US\$550 million, or 1% of the broadband access market value in China.

As is shown from the above, the Applicant satisfies §63.10(a)(3).

- (m) The Applicant desires to be regulated as non-dominant for the provision of international telecommunication services to China and Hong Kong. Please refer to **Response to Question 9** in Item 1 for more information.

3. A Response to Question 12

- (1) China;
- (2) Hong Kong.